



Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Legislative Analysis

**Community Empowerment and Economic
Revitalization Committee**

April 10, 2006

2:00 PM

Commission Chamber

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Legislative Analysis

**Community Empowerment & Economic Revitalization Committee
Meeting Agenda**

Monday, April 10, 2006

Written analyses for the below listed items are attached for your consideration in this Legislative Analysis.

Item Number(s)

3(D)	4(B)
4(A)	4(C)

Additional information has been provided for the following item:

2(D)

If you require further analysis of these or any other agenda items, please contact Guillermo Cuadra, Chief Legislative Analyst, at (305) 375-5469.

Acknowledgements--Analyses prepared by:

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LEGISLATIVE ANALYSIS

ORDINANCE GRANTING PROPERTY TAX EXEMPTION IN AREAS DESIGNATED AS ENTERPRISE ZONE.

Office of Community and Economic Development

I. SUMMARY

This ordinance authorizes renewal of the County's ad valorem property tax exemption program within the County's Enterprise Zone boundaries, and amends sections of the County Code regarding the Enterprise Zone tax abatement program. Key amendments would:

- Allow tax abatement on tangible personal property for businesses located within the Community Redevelopment Areas.
- Disqualify new or expanding businesses at Miami-International Airport from receiving ad valorem tax exemptions.

Maps detailing the Enterprise Zone can be found at: www.miamidade.gov/ced/ez_maps.asp.

II. PRESENT SITUATION

The Enterprise Zone program is a joint partnership between Miami-Dade County and the State of Florida intended to spur investment in distressed areas through tax incentives for new or expanding businesses. Miami-Dade County's Enterprise Zone program has been administered by the Office of Community and Economic Development since October 1995. The state's program expired on December 21, 2005 and was subsequently reauthorized by the Florida Legislature in the summer of 2005. The reauthorization required the county to renew its program with the state as well.

The County's reauthorization application to the State was recently approved. The effective date of the new program is January 1, 2006.

The County's Enterprise Zone includes the following three areas: North-Central, South Dade and Miami Beach.

- North Central encompasses a large portion of Northwest Miami, including Miami International and Opa-locka Airports, parts of east Hialeah, and the Empowerment Zone, and a satellite in North Dade.
- South Dade: This parcel covers most of the cities of Homestead and Florida City, as well as Cutler Ridge, Perrine, and Princeton.
- Miami Beach: Includes parts of South Beach, Collins Avenue and parts of North Beach.

III. POLICY CHANGE AND IMPLICATION

This item amends several sections of the County Code regarding the ad valorem tax exemption program within Enterprise Zones. The amendments are as follows:

CEERC ITEM 3(D)

April 10, 2006

- **Section 29-81:** Allow tax abatement on tangible personal property for businesses located within the County's 11 Community Redevelopment Areas. Previously, businesses located both within the boundaries of a CRA and an Enterprise Zone were not eligible for ad valorem tax exemption, since the taxes generated within CRA boundaries go directly to the CRA. However, according to staff, only the property taxes and real estate taxes are given to the CRA. Taxes on tangible property, such as equipment, were always diverted back to the county. This amendment will not adversely impact the tax revenue generated for CRAs.
- **Section 29-81:** Disqualifies new or expanding businesses at Miami-International Airport from receiving ad valorem tax exemptions. *NOTE:* Since 2003, no new tax abatements have been approved for businesses at Miami-International Airport.
- **Section 29-88:** The amendment would assure the eligibility of new and expanding businesses whose applications for tax abatement were pending as of June 30, 2005, regardless of when the improvements were made or placed on the tax assessment rolls.
- **Section 29-89:** The amendment sets the expiration date of the tax exemption program at June 30, 2015.

IV. ECONOMIC IMPACT

Allowing tax abatement on tangible personal property for new or expanding businesses within a CRA could have an adverse financial impact on the County. Currently, the County receives these funds.

According the staff, the County's existing Economic Development ad valorem tax exemption program, which includes real estate and tangible personal property exemptions, amounts to \$1.5 million per year from 2002 – 2004.

V. COMMENTS AND QUESTIONS

Maps detailing the Enterprise Zone can be found at: www.miamidade.gov/ced/ez_maps.asp .

LEGISLATIVE ANALYSIS

ITEM 4 (A) RESOLUTION AUTHORIZING THE ALLOCATION OF \$415,000 OF SURTAX FUNDS TO 1200 HOMESTEAD 72, LLC, FOR THE 1200 HOMESTEAD 72, LLC DEVELOPMENT, ALSO KNOWN AS THE DEVELOPMENT ZONE GROUP, LLC DEVELOPMENT; AND AUTHORIZING THE COUNTY MANAGER OR HIS DESIGNEE TO EXECUTE ANY NECESSARY AGREEMENTS.

Miami-Dade Housing Agency

I. SUMMARY

This resolution allocates \$415,000 in Surtax Incentive Pool funds to 1200 Homestead 72, LLC for the 1200 Homestead 72, LLC Development. This allocation is recommended by the Miami-Dade Housing Agency (MDHA) and approved by the Affordable Housing Advisory Board (AHAB) at its September 28, 2005 meeting. This development located at 1200 S.W. 3rd Street, has an estimated completion date of May 2006.

II. PRESENT SITUATION

This development converts 80 rental units into 72 homeownership units for very-low and low income families.

III. POLICY IMPLICATIONS

None.

IV. ECONOMIC IMPACT

The original projected cost of construction was \$4,005,650. The revised amount reflects a total cost of \$4,113,200. Although the developer originally requested \$807,450 in Surtax Funds, the Board awarded \$500,000 in SHIP 2005 funds pursuant to Resolution 160-05, leaving a funding gap of \$307,450. However, with the construction costs increasing by \$107,550, reflected in the revised total, the financing gap increases to \$415,000.

V. COMMENTS AND QUESTIONS

- The actual cost of a project may differ from the original projected cost based on many factors, including increased construction costs from the time of the application to the approval date.
- The eligibility criteria for SHIP funds are more stringent and although the developer originally requested Surtax Funds, this project met the eligibility requirements for SHIP funds.

LEGISLATIVE ANALYSIS

ITEM 4 (B) RESOLUTION AUTHORIZING THE ALLOCATION OF \$2,500,000 SURTAX FUNDS TO HIDDEN GROVE LTD. FOR HIDDEN GROVE APARTMENTS DEVELOPMENT; AND AUTHORIZING THE COUNTY MANAGER OR HIS DESIGNEE TO EXECUTE ANY NECESSARY AGREEMENTS.

Miami-Dade Housing Agency

SUMMARY

This resolution allocates \$2,500,000 in Surtax Incentive Pool funds to Hidden Grove, Ltd. for the Hidden Grove Apartments development. This additional allocation is recommended by the Miami-Dade Housing Agency (MDHA) and approved by the Affordable Housing Advisory Board (AHAB) at its September 28, 2005 meeting. The development located at 13815 S.W. 271st Terrace, is complete and is fully leased since March 2002.

PRESENT SITUATION

This development houses families who earn up to 60% of the median income for that area. There are 222 rental units and houses consisting of 2 & 3 bedrooms.

POLICY IMPLICATIONS

None.

ECONOMIC IMPACT

The original projected cost at the time of the loan closing was \$18,251,617. The revised amount reflects a total cost of \$18,619,658. The Board awarded \$750,000 of SHIP 2001 funds through R-1349-00. However, there is a funding gap of \$2,500,000. With the current request the total allocated SHIP and Surtax funds will be \$3,250,000.

COMMENTS AND QUESTIONS

- Construction began in December 2001 and was completed in December 2002. However, they had trouble keeping the development fully leased because affordable housing became available in the area and families qualified for purchasing homes, so the financing that was based on fully leased revenues didn't come through.
- *What measures are in place to ensure financing if this development is not fully leased in the future and the rental revenues drop?*
- Additional information will be provided for BCC meeting.

LEGISLATIVE ANALYSIS***RESOLUTION APPROVING QUALIFIED TARGET INDUSTRY TAX REFUND FOR
CONFIDENTIAL PROJECT NO. 06-00196***

Office of Community and Economic Development

I. SUMMARY

The Office of Community and Economic Development recommends that the Board of County Commissioners approve the Qualified Target Industry (QTI) tax refund application for a company proposing to establish a Latin American headquarters for a cellular telephone company relocating from the Southwest, U.S. to Miami-Dade County.

II. PRESENT SITUATION

The Qualified Target Industry (QTI) tax refund program is established pursuant to Section 288.106, Florida Statutes. The program's intent is to attract relocating out-of-area businesses and encourage expansion of existing local companies by providing a tax refund.

III. POLICY CHANGE AND IMPLICATION

This continues current policy to spur economic development in and around Miami-Dade County by providing tax incentives to new and expanding businesses.

IV. ECONOMIC IMPACT

Item	Project Name	New Jobs	New Capital Investment	QTI Refund			Miami-Dade New Incremental Tax Revenue Generated	County QTI Match	Net Revenue Benefit to Miami-Dade (per Beacon)	Total ROII (per Beacon)
				Total	State 80%	County 20%				
4C	Confidential 06-00196	90	\$3.6 million	\$405,000	\$324,000	\$81,000	\$98,701	\$81,000	\$17,701	1.22

ROII – Return on Incentive Investment equals Miami-Dade New Tax Revenue Generated divided by the County's match.

The funding for the Miami-Dade County portion of the QTI shall come from the County's General Fund.

V. COMMENTS AND QUESTIONS

None.

ADDITIONAL INFORMATION

<u>Item#</u>	<u>Subject Matter</u>	<u>Comments/Questions</u>
2(D)	State Housing Trust Fund	<ul style="list-style-type: none">• This resolution urges the Florida Legislature to enact legislation removing the cap on monies deposited into the State Housing Trust Fund. With the cap, only \$243 million may be deposited into the trust fund, whereas without the cap, up to \$945 million may be deposited.• The trust fund comes from a portion of the documentary stamp tax, which is charged for the transfer of deeds. The portion dedicated to affordable housing is 20 cents for every \$100 in a property's purchase. The funding formula calls for set-asides for homeless programs and for state and local hurricane relief.• With the statewide median price of a single-family home at \$244,200 from \$137,800 more Floridians in more income brackets are affected. Legislators are filing many bills for new housing initiatives and a common theme among these bills is that the trust fund should be fully restored.• Senate Community Affairs Committee approved SB132, the senate version of a housing plan that first appeared in the House earlier this month. SB 132 has gained bipartisan support as it does away with the cap of \$243 million that would be effective July 1, 2007.• The plan must still go before four Senate committees and three House committees before lawmakers debate the plan in both chambers. Aside from removing the cap, the plan also sets aside \$32 million in housing assistance for low-income Floridians, \$70 million to help teachers, firefighters, police officers and other service personnel find homes where they work, \$20 million to help with home insurance costs and \$100 million for housing fund reserves.